## Senate File 344 - Introduced

SENATE FILE 344
BY COMMITTEE ON ECONOMIC
GROWTH

(SUCCESSOR TO SF 108)

## A BILL FOR

- 1 An Act creating an apprenticeship training tax credit available
- 2 against the individual and corporate income tax and
- 3 including applicability provisions.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 1 Section 1. <u>NEW SECTION</u>. **422.10A** Apprenticeship training 2 tax credit.
- 3 l. For purposes of this section, unless the context 4 otherwise requires:
- 5 a. "Apprentice" means an Iowa resident who is at least
- 6 sixteen years of age, except where a higher minimum age is
- 7 required by law, who is employed in an occupation approved for
- 8 apprenticeship by the United States department of labor, office
- 9 of apprenticeship, and is registered with the United States
- 10 department of labor, office of apprenticeship.
- ll b. "Apprenticeship program" means a program registered
- 12 with the United States department of labor, office of
- 13 apprenticeship, which includes terms and conditions for the
- 14 qualification, recruitment, selection, employment, and training
- 15 of apprentices, including the requirement for a written
- 16 apprenticeship agreement.
- 2. a. An apprenticeship training tax credit shall be
- 18 allowed against the taxes imposed in this division and division
- 19 III, for a portion of the taxpayer's costs, as described
- 20 in subsection 3, in providing wages to apprentices in the
- 21 construction trade training under an apprenticeship program.
- 22 b. An individual may claim a tax credit under this
- 23 subsection of a partnership, limited liability company,
- 24 S corporation, estate, or trust electing to have income
- 25 taxed directly to the individual. The amount claimed by the
- 26 individual shall be based upon the pro rata share of the
- 27 individual's earnings from the partnership, limited liability
- 28 company, S corporation, estate, or trust.
- 29 c. Any credit in excess of the taxpayer's liability for the
- 30 tax year is not refundable and shall not be credited to the tax
- 31 liability for any following year or carried back to a tax year
- 32 prior to the tax year in which the taxpayer claims the credit.
- 33 d. A tax credit issued pursuant to this section is not
- 34 transferable to any other taxpayer.
- 35 3. a. To be eligible for the tax credit, the taxpayer shall

S.F. 344

- 1 be the employer of an apprentice working in the construction
- 2 trade and employed at an Iowa worksite.
- 3 b. The tax credit shall be two dollars per hour multiplied
- 4 by the total number of hours worked during the tax year by an
- 5 apprentice working for a taxpayer described in paragraph "a".
- 6 The amount of tax credit in any year received by a taxpayer for
- 7 each apprentice may not exceed two thousand dollars or fifty
- 8 percent of the wages the apprentice earned, whichever is less.
- 9 4. To claim an apprenticeship training tax credit under
- 10 this section, a taxpayer must include verification of the
- 11 taxpayer's eligibility for the credit, including evidence
- 12 of the apprentice's residence, on a form prescribed by the
- 13 department and included with the taxpayer's tax return.
- 14 5. The director of revenue shall adopt rules pursuant to
- 15 chapter 17A to administer this section.
- 16 Sec. 2. Section 422.33, Code 2015, is amended by adding the
- 17 following new subsection:
- 18 NEW SUBSECTION. 31. The taxes imposed under this division
- 19 shall be reduced by an apprenticeship training tax credit
- 20 allowed under section 422.10A.
- 21 Sec. 3. APPLICABILITY. This Act applies to tax years
- 22 beginning on or after January 1, 2016, for wages paid on or
- 23 after that date to apprentices hired on or after July 1, 2015.
- 24 EXPLANATION
- The inclusion of this explanation does not constitute agreement with
- the explanation's substance by the members of the general assembly.
- 27 This bill creates an apprenticeship training tax credit
- 28 available against the individual and corporate income tax for
- 29 wages paid by employers to apprentices in the construction
- 30 trade who are training under an apprenticeship program at an
- 31 Iowa worksite.
- 32 The amount of the credit is equal to \$2 per hour multiplied
- 33 by the total number of hours that an apprentice worked during
- 34 the tax year. The bill limits the amount of the tax credit
- 35 in any year received by a taxpayer for each apprentice to a

## S.F. 344

- 1 maximum of \$2,000 or 50 percent of the wages the apprentice
- 2 earned, whichever is less.
- 3 The bill requires the taxpayer to be the employer of an
- 4 apprentice working in the construction trade and employed at an
- 5 Iowa worksite. The bill requires the apprentice to be an Iowa
- 6 resident, registered with the United States department of labor
- 7 office of apprenticeship, working in the construction trade,
- 8 and training under an apprenticeship program.
- 9 The tax credit is not refundable, and a tax credit shall not
- 10 be carried forward or carried back to a tax year prior to the
- 11 tax year in which the taxpayer first receives the tax credit.
- 12 The tax credit is not transferable.
- 13 To claim an apprenticeship training tax credit, the taxpayer
- 14 must include verification of the taxpayer's eligibility for the
- 15 credit, including evidence of the apprentice's residence, with
- 16 the taxpayer's tax return.
- 17 The bill applies to tax years beginning on or after January
- 18 1, 2016, for wages paid on or after that date to apprentices
- 19 hired on or after July 1, 2015.